

Minutes of the
Board of Water and Natural Resources Meeting
Matthew Training Center
523 East Capitol
Pierre, South Dakota

March 27-28, 2003

MARCH 27, 2003 - 1:00 P.M. CST

CALL MEETING TO ORDER: Chairman Gregg Greenfield called the meeting to order at 1:00 p.m. CST. A quorum was present.

Chairman Greenfield announced that Steve Lowrie resigned from the Board of Water and Natural Resources in February 2003. On March 21, 2003, Governor Rounds appointed Bradley Johnson from Watertown to fill that vacancy.

Chairman Greenfield also announced that the 2003 Legislative Oversight Committee members are Senator Marguerite Kleven, Senator Frank Kloucek, Representative Lou Sebert and Representative Dale Hargens.

BOARD MEMBERS PRESENT: Gregg Greenfield, Dale Kennedy, John Loucks, Don Bollweg, and Gene Jones, Jr.

BOARD MEMBERS ABSENT: Jerry Kleinsasser and Brad Johnson.

OTHERS PRESENT: See attached attendance sheets.

APPROVAL OF AGENDA: Jim Feeney noted that a request to advertise for Water Development District director areas rule changes and a BDM parity agreement release would be handled under other business.

Motion by Loucks, seconded by Kennedy, to approve the amended agenda. Motion carried.

APPROVE MINUTES FROM JANUARY 10, 2003 MEETING: Motion by Kennedy, seconded by Jones, to approve the minutes from the January 10, 2003, Board of Water and Natural Resources meeting. Motion carried.

TLC WATER PROJECT DISTRICT PROPOSED EXPANSION: Jim Feeney reported that the Turner Lincoln Clay (TLC) Water Project District was formed in the mid-1980s. It was originally known as the Vermillion Basin Water Project District.

In 2002, the district circulated petitions to expand the boundaries of the water project district to include additional lands in Turner County and the town of Davis. That petition was filed with the Department of Environment and Natural Resources and verified by staff for compliance. At

its November 14, 2002, meeting the Board of Water and Natural Resources adopted a resolution approving the petition for the expansion. The election was held on January 14, 2003, and the expansion was approved by a vote of 31 for and 4 against.

Motion by Kennedy, seconded by Loucks, to adopt Resolution #2003-12 expanding the TLC Water Project District and directing that the resolution be filed with the Secretary of State. Motion carved.

SFY 2003 STATE WATER PLAN AMENDMENT APPLICATIONS: Water projects that will require state funding or need state support for grant or loan funding must be included on the State Water Facilities Plan (facilities plan). The Board of Water and Natural Resources annually approves projects to be placed on the facilities plan and may amend projects onto the facilities plan on a quarterly basis. The department received twelve applications requesting amendment onto the facilities plan.

Dave Ryan reported that if placed on the 2003 State Water Facilities Plan, these projects will remain on the plan through calendar year 2004. Board approval of projects on the facilities plan is contingent upon attendance at one of the State Water Plan meetings with department staff. The board may waive the meeting requirement for projects.

Mr. Ryan stated that placement of a project on the facilities plan is not a guarantee of funding.

Black Hawk Sanitary District requested amendment onto the 2003 facilities plan for regional wastewater improvements. Staff recommended amending the project onto the facilities plan and waiving the meeting requirement.

Claire City requested amendment onto the 2003 facilities plan for construction of a water distribution system. Staff recommended amending the project onto the facilities plan contingent upon the city meeting with DENR.

Gayville requested amendment onto the 2003 facilities plan for wastewater treatment improvements. Staff recommended amending the project onto the facilities plan contingent upon the city meeting with DENR.

Keystone requested amendment onto the 2003 facilities plan for water system improvements. Staff recommended amending the project onto the facilities plan contingent upon the city meeting with DENR.

Kingbrook Rural Water System requested amendment onto the 2003 facilities plan for Winfred water system improvements. Staff recommended amending the project onto the facilities plan contingent upon the rural water system meeting with DENR.

Pierre requested amendment onto the 2003 facilities plan for new landfill construction and a solid waste baling facility. Staff recommended amending the project onto the facilities plan and waiving the meeting requirement.

Pierre requested amendment onto the 2003 facilities plan for water system distribution improvements. Staff recommended amending the project onto the facilities plan and waiving the meeting requirement.

Ponderosa Park Development Association requested amendment onto the 2003 facilities plan for water system improvements. Staff recommended amending the project onto the facilities plan contingent upon the development association meeting with DENR.

Randall Community Water District requested amendment onto the 2003 facilities plan for individual service for the town of Ravinia. Staff recommended amending the project onto the facilities plan and waiving the meeting requirement.

Sioux Falls requested amendment onto the 2003 facilities plan for storm water management within the community. Staff recommended amending the project onto the facilities plan contingent upon the city meeting with DENR.

Stagebarn Subdivision Sanitary District requested amendment onto the 2003 facilities plan for wastewater treatment and collection. Staff recommended amending the project onto the facilities plan contingent upon the district meeting with DENR.

Yankton County requested amendment onto the 2003 facilities plan for the city of Gayville storm drainage project. Staff recommended amending the project onto the facilities plan and waiving the meeting requirement.

Motion by Loucks, seconded by Bollweg, to accept the staff recommendations and amend the following projects onto the 2003 State Water Facilities Plan: Black Hawk Sanitary District - regional wastewater improvements; Claire City - construction of a water distribution system; Gayville - wastewater treatment improvements; Keystone - water system improvements; Kingbrook RWS - Winfred water system improvements; Pierre - new landfill construction and solid waste baling facility; Pierre - water system distribution improvements; Ponderosa Park Development Association - water system improvements; Randall Community Water District - individual service for the town of Ravinia; Sioux Falls - storm water management; Stagebarn Subdivision Sanitary District - wastewater treatment and collection; and Yankton County - city of Gayville storm drainage project. Placement on the facilities plan is contingent upon the project meeting with DENR. The meeting requirement is waived for Black Hawk Sanitary District, both Pierre projects, Randall Community Water District, and Yankton. Motion carried.

CLEAN WATER INTENDED USE PLAN (IUP) AMENDMENTS: Mike Perkovich reported that the FY 2003 Clean Water IUP was approved by the board in November 2002. Additional projects have been identified through State Water Plan quarterly amendment applications. The department proposed to amend the IUP by adding the following projects to Attachment I - Project Priority List:

Priority Points	Loan Recipient	Project Description	Est. Loan Amount	Expected Loan Rate & Term
18	Pierre	Construction of the compacted soil liner	\$1,378,400	3.5%, 20 yrs.

Board of Water and Natural Resources
March 27-28, 2003, Meeting Minutes

		and leachate collection system for a new regional landfill		
18	Sioux Falls (storm water management project)	Retrofit three existing flood control basins for sediment containment purposes and provide consultant services to prepare a Regional Stormwater Best Management Practice Master Plan.	\$932,000	3.5%, 10 yrs.
16	Black Hawk Sanitary District	Construction of sewer lines and a lift station to transmit wastewater to the Rapid City treatment facility thereby allowing the sanitary district to abandon its existing inadequate facility.	\$600,000	3.5%, 20 yrs.
15	Stagebarn Subdivision Sanitary District	Construction of 300 feet of 8-inch sewer line to convey wastewater to the Summerset Sanitary District facility, remove Stagebarn's existing inadequate treatment system and reclaim the site.	\$100,000	3.5%, 20 yrs.
15	Gayville	Addition of a second cell to the wastewater treatment facility and plugging an artesian well that is connected to the sanitary sewer system.	\$100,000	3.5%, 20 yrs.

Mr. Perkovich noted that Attachment II - List of Projects to be Funded in FY 2003 was revised to reflect the loans that will be made at the March 2003 board meeting.

Mr. Perkovich stated that staff proposed adding the following to the IUP:

To facilitate compliance with environmental permit regulations by livestock sale barns within or near communities, the department is proposing to use administrative surcharge income for planning grants. It is intended that the grants will be available to existing livestock sale barns located within the city limits or within three miles of an incorporated community. The scope of the planning studies is anticipated to address clean water diversions, the handling of manure, and wastewater treatment options to include connection to the community's sanitary sewer system. The sale barn planning grant will reimburse 60 percent of the cost of the engineering study, with the maximum grant amount for any project being \$4,200. The department anticipates using up to \$150,000 of administrative surcharge income under this program. No additional allocation of administrative surcharge for sale barn planning purposes is anticipated.

Motion by Bollweg, seconded by Jones, to amend the FY 2003 Clean Water Intended Use Plan as presented. Motion carried.

DRINKING WATER IUP AMENDMENTS: Mr. Perkovich reported that the FY 2003 Drinking Water IUP was approved by the board in November 2002. Additional projects have been identified through the State Water Plan quarterly amendment applications. The department proposed to amend the IUP by adding the following projects to Attachment I - Project Priority List:

Board of Water and Natural Resources
March 27-28, 2003, Meeting Minutes

Priority Points	Community/ Public Water System	Project Description	Est. Loan Amount	Expected Loan Rate and Term
117	Claire City	<i>Problem:</i> The community is served by individual wells. On numerous occasions, total coliform has been found in samples of the sole system subject to sampling (a transient, non-community system). <i>Project:</i> Construction of a water distribution system and connection to the BDM Rural Water System, which will own and operate the system.	\$150,000	2.5%,30 yrs.
107	Randall Community Water System	<i>Problem:</i> The town of Ravinia's existing distribution system is old and subject to excessive water loss. <i>Project:</i> The Randall CWS, which currently provides bulk water to Ravinia, will construct a new distribution system and provide individual service to residents.	\$100,000	0%, 30 yrs
28	Keystone	<i>Problem:</i> The system does not have adequate groundwater supply to meet the maximum day demand with the largest producing well out of service, users at higher elevations do not have adequate pressure, and a large portion of the system is not looped. <i>Project:</i> Develop a new well, construct a 150,000-gallon ground storage reservoir, and install 3,900 feet of 8-inch line to loop the system.	\$675,000	3.5%,20 yrs
17	Kingbrook RWS	<i>Problem:</i> Portions of the Winfred Water District's lines need replacement, and the district lacks the technical, managerial, and financial capacity to operate a water system. <i>Project:</i> Installation of new lines, meters, and appurtenances to connect to the Kingbrook Rural Water System as individual users.	\$100,000	3.5%,20 yrs
15	Dell Rapids	<i>Problem:</i> Portions of the distribution consist of old, undersized cast iron mains. <i>Project:</i> Replace cast iron lines with larger PVC lines.	\$621,000	3.5%,20 yrs
8	Pierre	<i>Problem:</i> Pressure within areas of the northeast portion of the city fall below 20 psi during periods of high water use. <i>Project:</i> Construction of a new water tower, booster station, and approximately 15,000 feet of various sized pipe to establish a new pressure zone within the distribution system.	\$1,815,400	3.5%,20 yrs
2	Ponderosa Park Development Association	<i>Problem:</i> The 2-inch water lines are susceptible to freezing due to insufficient burial depth, and the existing storage facility does not provide sufficient pressure throughout the system. <i>Project:</i> Replace the existing distribution system with 6-inch lines and construct additional storage to eliminate pressure tanks.	\$180,000	3.5%,20 yrs

Mr. Perkovich noted that Attachments II and III were also updated. The Aberdeen entry on the Project Priority List was amended so the loan number reflects -01 and -02. Mr. Feeney discussed these changes later in the meeting.

Motion by Kennedy, seconded by Loucks, to amend the FY 2003 Drinking Water IUP as presented. Motion carried.

SOLID WASTE MANAGEMENT PROGRAM FUNDING APPLICATIONS: David Ryan presented the Solid Waste Management Program funding applications. The Northwest Regional Landfill and the Pierre Regional Landfill have both requested a solid waste grant and loan.

Mr. Ryan explained that the 2003 Omnibus Bill appropriated \$750,000 for the Solid Waste Management Program. A minimum of 50% of these funds must be reserved for recycling activities, so today \$375,000 is available for disposal projects. The 2003 Omnibus Bill also provided a \$1,000,000 appropriation for regional landfill assistance. The appropriation provides the funding to the board for the purpose of providing grants and loans to project sponsors for the construction, enlargement, or upgrade of regional landfills.

By administrative rule, the board is required to wait at least 12 hours, but can take up to 120 days, after being presented with the applications to make funding decisions.

The Northwest South Dakota Regional Landfill requested a \$96,458 grant and a \$48,230 loan for compaction equipment. The estimated total project cost is \$192,918. Staff recommended awarding a grant of up to \$73,000 and a loan of up to \$73,000 at 3% interest for seven years.

A representative of the Northwest Regional Landfill and Terry Helms, Helms and Associates, discussed the project and the funding package.

The city of Pierre requested a \$329,588 grant and a \$325,000 loan for the construction of a new landfill and solid waste baling facility. The estimated total project cost is \$4,252,811. Staff recommended awarding a grant of up to \$100,000 specifically for the purchase of a baler and conveyor. Staff also recommended awarding a loan of up to \$600,000 from the Regional Landfill Assistance Pool at 3% interest for 20 years, and that prior costs incurred to date be eligible.

Valerie Keller, Solid Waste Manager, and Terry Helms, Helms and Associates, discussed the project and requested approval of funding.

The board made funding decisions the following day.

CONSOLIDATED WATER FACILITIES CONSTRUCTION PROGRAM FUNDING

APPLICATIONS: Jim Feeney reported that \$4,640,000 is available for this funding round. The department received 12 new consolidated funding applications and three amendment requests totaling \$3,339,575. The department's recommendations to the board for this funding round total \$2,123,000. Mr. Feeney noted that the administrative rules require the board to wait a minimum of 12 hours from the time the new applications are presented before making funding decisions. The funding decisions were scheduled for 10:00 a.m. the following morning.

Mr. Feeney and Mr. Perkovich presented the funding applications and staff recommendations to the board.

Alcester received a \$250,000 consolidated grant on April 26, 2001, for wastewater treatment facility improvements. The city requested an amendment increasing the grant to provide up to 26.3% of approved total project costs and not exceeding \$460,000. The city obtained bids that were higher than estimated in the original application. Staff recommended increasing the grant by \$210,000.

Mayor Roger Walz requested board approval of the \$210,000 grant increase.

Motion by Bollweg, seconded by Jones, to adopt Resolution #2003-13 approving the amendment to the city of Alcester's consolidated grant agreement increasing the grant to provide up to 26.3% of approved total project costs and not exceeding \$460,000 for wastewater system improvements. Motion carried.

BDM Rural Water requested a \$315,000 consolidated grant for its Phase 3 system expansion (Roberts County expansion). The estimated total project cost is \$4,619,581. Staff recommended awarding a grant up to \$315,000.

David Wade, Manager, discussed the project and requested board approval of funding.

Big Stone City requested a \$200,000 consolidated grant for water and wastewater improvements. The estimated total project cost is \$650,000. Staff recommended awarding a grant up to \$200,000.

Janet Smith, Finance Officer, discussed the project and requested approval of funding.

Deuel Conservation District requested a \$40,800 consolidated grant for the construction of animal waste management systems in the Clear Lake watershed. The estimated total project cost is \$300,000. Staff recommended awarding a grant up to \$40,800.

Elois Redlin, Manager of the conservation district, and LeRoy Stohr, Clear Lake restoration project coordinator, discussed the project and requested approval of funding.

Groton requested a \$150,000 consolidated grant for the northeast water and sewer expansion project. The estimated total project cost is \$313,775. Staff recommended awarding a grant up to \$150,000.

Anita Lowary, Finance Officer, and Gary Rix, Mayor, discussed the project and requested board approval of funding.

Groton requested a \$500,000 consolidated grant for the Main Street water, sewer, and street reconstruction project. The estimated total project cost is \$1,780,000. Staff recommended awarding a grant up to \$400,000.

Anita Lowary, Finance Officer, and Gary Rix, Mayor, discussed the project and requested board approval of funding.

Hecla was awarded a \$100,000 consolidated grant on April 26, 2001, for wastewater treatment facility construction. The estimated total project cost has increased from \$807,000 to \$1,200,000. The city requested an amendment increasing the consolidated grant by \$400,000. Staff recommended awarding a grant up to \$400,000 with the following special condition:

Funding from this award for eligible land acquisition costs may be reimbursed at 100% of costs incurred up to and not exceeding \$100,000. Remaining eligible expenses may be reimbursed in an amount up to 41.7% of eligible costs provided the total amount of assistance from this award does not exceed \$500,000.

Ron Corliss, Mayor of Hecla, discussed the project and requested approval of the amendment.

Motion by Loucks, seconded by Bollweg, to adopt Resolution #2003-14 approving the amendment to the city of Hecla's consolidated grant agreement for a grant up to 100% for eligible land acquisition costs not to exceed \$100,000 and in an amount up to 41.7% of all remaining approved total project costs provided the total assistance does not exceed \$500,000. Motion carried.

Hermosa Water Users Association requested a \$183,900 consolidated grant for the construction of a new Madison Aquifer well to replace a current Inyan Kara well. The estimated total project cost is \$443,110. Staff recommended no funding for this project. Staff encouraged the water users association to work with the Hermosa and Fairburn to establish a regional water system.

Rick Fox, Hermosa Water Users Association, stated that the radium levels in the Inyan Kara well do not meet the standards for a public water system. The water system needs to have a plan of action by 2005 and be in compliance by 2007. Because of the high cost of treating the water, the association decided it would be more feasible to drill a new well in the Madison Aquifer. Mr. Fox said the water system cannot expand with the current water supply. He noted that the water users association currently provides water to the town of Fairburn.

Mr. Fox and Gary Baker provided information on the water system and requested board approval of funding.

Lake Conservation District requested a \$139,875 consolidated grant for five animal waste management systems in the Lakes Herman, Madison, and Brant watersheds. The project also proposes to restore the Bourne Slough berm to increase natural setline of waters in the slough area prior to release into Lake Madison. The estimated total project cost is \$932,500. Staff recommended awarding a grant up to \$82,500 on a reduced total project cost of \$550,000, to be used solely for the five animal waste management systems.

Michelle Goodale, district manager, discussed the project and requested approval of funding. She noted that the district will collect more information before completing the berm project.

Lake Preston requested a \$200,000 consolidated grant for a water and sewer replacement and expansion project. The estimated total project cost is \$556,000. Staff recommended awarding a grant up to \$50,000 contingent upon Lake Preston applying for a Clean Water SRF loan.

Duane Jones, Mayor, discussed the project and requested approval of funding.

Philip was awarded a \$150,000 consolidated grant on December 13, 2001, for the replacement of old cast iron and asbestos concrete water distribution pipelines and appurtenances. On

Board of Water and Natural Resources
March 27-28, 2003, Meeting Minutes

September 27, 2002, the board approved an amendment for an additional \$30,000 in consolidated grant funds. The city has identified additional water distribution pipelines that need to be replaced along Sunshine Drive and new water distribution pipelines along Pleasant Drive the city would like to install. The city of Philip requested that this additional work be added to the original scope of work approved under the original grant agreement and that the board allow remaining grant funds to be used on the additional projects. Staff recommended amending the grant scope of work as requested.

John Hart, Mayor, explained the need for these additional projects and requested board approval of the amendment.

Motion by Bollweg, seconded by Jones, to adopt Resolution #2003-15 approving an amendment to the Philip consolidated grant agreement changing the scope of work to include water distribution pipelines along Sunshine Drive and new water distribution pipelines along Pleasant Drive and allowing remaining grant funds to be used on these additional projects. Motion carried.

Scotland requested a \$150,000 consolidated grant for a Main Street utility replacement project. The estimated total project cost is \$1,085,630. Staff recommended awarding a grant up to \$75,000.

Mayor Greg Gemar and Eric Ambroson, Planning and Development District III, discussed the project and requested approval of a consolidated grant.

South Lincoln Rural Water System requested a \$350,000 consolidated grant for water system improvements. The estimated total project cost is \$2,500,000. Staff recommended no funding for this project. South Lincoln RWS has a \$2,000,000 Drinking Water SRF loan and \$150,000 in local cash. Mr. Feeney noted that South Lincoln RWS has been invited to apply for a \$375,000 CDBG grant.

John Sievers provided information on the rural water system and requested board approval of funding.

Tea requested a \$200,000 consolidated grant for wastewater treatment improvements. The estimated total project cost is \$695,490. Staff recommended awarding a grant up to \$50,000 contingent upon the city applying for a Clean Water SRF loan.

John Lawler, Mayor of Tea, discussed the project and requested approval of funding.

Worthing requested a \$200,000 consolidated grant for water system improvements. The estimated total project cost is \$438,935. Staff recommended awarding a grant up to \$150,000.

Robert Bly and Jeff Tanner, Worthing city commissioners, discussed the project and requested approval of funding.

This concluded review of the funding applications. The board made its funding decisions the following day.

LEASEBACK PROPOSAL BRIEFING: Scott Scofield, Allco Ventures, and Bruce Bonjour, Altheimer & Gray, provided an overview of the lease/leaseback proposal.

The State of South Dakota was asked to consider a proposal for a municipal lease-to-service contract transaction for wastewater collection and treatment system assets of selected cities in the state.

The purpose of a long term lease/leaseback transaction is to allow a tax exempt entity such as a municipality to enter into a transaction where they lease an asset to a private entity, such as a large bank or insurance company, and then immediately lease the asset back. Through the lease and leaseback transaction, the tax exempt entity receives a significant cash benefit at execution of the agreement and retains operating control of the system. The private entity receives the benefit of the depreciation on the asset over the life of the lease and transaction costs.

For example, a municipality, with the assistance of Allco, leases certain qualified assets (such as wastewater treatment and collection system assets) to a large bank for approximately 99 years and then immediately leases the assets back on a leaseback of approximately 30 years. Through this transaction, the municipality receives cash from the bank as the 100% up-front long term lease payment on the assets. About 96% of this cash is immediately placed by the municipality into an account. These accounts, known as defeasance accounts, typically are guaranteed investment contracts backed by highly rated banks or other financial institutions. The defeasance accounts automatically make the leaseback payments to the bank over the 30 year lease. The remaining 3% to 4% upfront cash received by the municipality on the closing date is the cash benefit realized.

During the lease period, title to the assets remains with the municipality, the lease is not regarded as debt, and current or future tax exempt bonds are not affected. The municipality continues to operate the assets, deliver services, set rates, and collect fees. There are typically no out-of-pocket expenses incurred by the municipality in entering into this transaction.

Mr. Scofield, Mr. Bonjour, and Harold Deering answered questions from the board. The board was not asked to take formal action at this time.

MARCH 28, 2003 8:30 A.M. CST

Chairman Greenfield called the meeting back to order. A quorum was present.

Mr. Feeney announced that Duane Murphey was retiring from the department after more than 30 years of service to the State of South Dakota.

SECTION 319 APPLICATIONS: Duane Murphey reported that DENR received four applications for Section 319 funding assistance. He noted that \$4,436,881 is available for nonpoint source projects.

Mr. Murphey presented the Section 319 applications and DENR's funding recommendations. He requested the board review the applications and recommend a funding amount for each project to be submitted to EPA. EPA will make the final funding decisions.

Jay Gilbertson, East Dakota Water Development District, and Angela Ehlers, SD Association of Conservation Districts, discussed the watershed planning and assistance project.

Mr. Gilbertson stated that the Nonpoint Source Task Force concurred with DENR's funding recommendations.

	319 <u>Requested</u>	NPS Task Force And DENR <u>Recommendation</u>
<u>TMDL Assessment Projects</u>		
Twin Lakes/Wilmarth Lake Watershed Assessment Project	\$ 64,000	\$ 64,000
Lake Traverse Watershed Assessment Project	57,500	57,500
<u>TMDL Implementation/Watershed Projects</u>		
Lake Hanson Watershed Implementation	\$ 600,000	\$ 598,125
Watershed Planning and Assistance Project	<u>2,950,000</u>	<u>2,950,000</u>
Total	\$3,671,500	\$3,669,625

Motion by Bollweg, seconded by Kennedy, to recommend 319 funding in the amount of \$64,000 for Twin Lakes/Wilmarth Lake watershed assessment project; \$57,500 for Lake Traverse watershed assessment project; \$598,125 for Lake Hanson watershed implementation; and \$2,950,000 for the watershed planning and assistance project. Motion carried.

AVAILABLE FUNDS: Jim Feeney presented a handout showing available funds for the Clean Water and Drinking Water SRF loan programs. (See attachment.)

Mr. Feeney noted that the city of Aberdeen applied for a \$14,460,000 Drinking Water SRF loan. He stated that DENR staff met with the city of Aberdeen regarding approval of the loan in two separate installments. Staff recommended that the first installment of \$8,460,000 be approved out of the FFY 2003 grant and match and the second installment of \$6,000,000, contingent upon receipt of the FFY 2004 capitalization grant. The city of Aberdeen agreed to receive the loan in two installments.

ABERDEEN DRINKING WATER SRF LOAN APPLICATION: Jim Anderson reported that the city of Aberdeen applied for a Drinking Water SRF loan for a water supply and treatment improvements project. The city proposes to add additional wells and upgrade its water treatment system. The city will construct up to six additional wells adjacent to the Elm River. In addition, the city intends to build a water line from the new wells to the water treatment plant, construct a water clarification process and all associated piping, chemical feed equipment, storage facilities, and all necessary appurtenances. There will be a new office/administration building and renovations and improvements to existing structures and facilities.

Mr. Anderson said the new wells are needed to assist the city in meeting water demands. The water supply for Aberdeen is mainly surface water, which causes taste, odor, and turbidity problems in the spring. The new water treatment processes and water plant upgrade are needed so the city can meet current and future drinking water requirements.

Dave Ruhnke reported that the city of Aberdeen is taking steps to prepare itself in the event that the 2004 capitalization grant is not issued.

The city requested approval of a \$14,460,000 Drinking Water SRF loan at 3.5% interest for 20 years. The city is pledging system water revenues toward repayment of the loan. Debt coverage after project completion is estimated to be 161%, which exceeds the 110% requirement.

Mr. Ruhnke stated that due to the size of this loan request and available funds, staff has worked with the city of Aberdeen to configure the loan into two separate loans. He requested the board to approve the total in aggregate with the understanding that the city will close two separate loans.

Mr. Ruhnke asked the board to approve one loan from the 2003 capitalization grant and the balance to be made contingent upon the department receiving the 2004 capitalization grant. The city's bond resolution will approve the loan in the aggregate of \$14,460,000, but it will designate that it be issued in a Series A bond for \$8,460,000 and a Series B bond for \$6,000,000. Series B will be contingent upon the state receiving the 2004 capitalization grant.

Staff recommended approval of the aggregate loan of \$14,460,000 contingent upon the city passing an ordinance authorizing the sale of the bond with a Series A and Series B and the ordinance becoming effective; contingent upon the loan being made in two separate loans with a current loan of \$8,460,000 and a subsequent loan of \$6,000,000 contingent upon the state receiving the 2004 capitalization grant in an amount sufficient to fund that loan; and contingent upon the environmental review process being completed.

Dave Odens, Banner Associates, discussed the project.

Motion by Kennedy, seconded by Jones, to adopt Resolution #2003-16 approving the Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$14,460,000 at 3.5% interest for a term of 20 years to the city of Aberdeen for a water supply and treatment improvements project, and authorizing the Chairman and Secretary of the Board of Water and Natural Resources to execute the loan agreement, to accept and assign the Local Obligation to the Trustee, and to execute and deliver such other documents and permit all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the city passing an ordinance authorizing the sale of the bond with a Series A and Series B and the ordinance becoming effective; contingent upon the loan being made in two separate loans with a current loan of \$8,460,000 and a subsequent loan of \$6,000,000 contingent on the state receiving the 2004 capitalization grant in an amount sufficient to fund the loan; and contingent upon the environmental review process being completed. Motion carried.

DELL RAPIDS DRINKING WATER SRF LOAN APPLICATION: Gayleen Lowe reported that the city of Dell Rapids applied for a Drinking Water SRF loan to finance improvements to the existing water distribution system. The city plans to construct about 12 blocks of new water main, replace old mains and install new mains as needed to connect a new elevated water storage tank to the existing distribution system.

Elayne Lande explained that the city requested approval of a \$621,000 Drinking Water loan at 3.5% interest for 20 years. The city is pledging water revenues toward repayment of the loan. Debt coverage after project completion is estimated to be 138%, which exceeds the 110% requirement.

Staff recommended approval of the loan contingent upon the city resolution becoming effective.

Motion by Loucks, seconded by Bollweg, to adopt Resolution #2003-17 approving the Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$621,000 at 3.5% interest for a term of 20 years to the city of Dell Rapids for improvements to the existing water distribution system, and authorizing the Chairman and Secretary of the Board of Water and Natural Resources to execute the loan agreement, to accept and assign the Local Obligation to the Trustee, and to execute and deliver such other documents and permit all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the city resolution becoming effective. Motion carried.

GROTON DRINKING WATER SRF LOAN APPLICATION: Jim Anderson reported that the city of Groton applied for a Drinking Water SRF loan for a water reconstruction project. The city proposes to replace water lines on Main Street from Railroad Avenue to Avenue and the crossings at 9th, 11th, and 12th Avenues. This project will be in conjunction with a sewer line rehabilitation project. The water lines were constructed in the 1950s and are in need of frequent repairs. They are also undersized in many areas of the project.

Dave Ruhnke stated that the city of Groton applied for a \$440,000 loan at 3.5% interest for 20 years. The city is pledging sales tax revenues toward repayment of the loan. Debt coverage after project completion is estimated to be 313% of the maximum annual sales tax debt service, which exceeds the 120% requirement.

Staff recommended approval of the loan contingent upon the city passing a resolution authorizing the sale of the bond and the resolution becoming effective.

Anita Lowary, Finance Officer of Groton, discussed the project.

Motion by Loucks, seconded by Kennedy, to adopt Resolution #2003-18 approving the Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$440,000 at 3.5% interest for a term of 20 years to the city of Groton for a Main Street water, sewer, and street reconstruction project, and authorizing the Chairman and Secretary of the Board of Water and Natural Resources to execute the loan agreement, to accept and assign the Local Obligation to the Trustee, and to execute and deliver such other documents and permit all acts necessary to

effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the city passing a resolution authorizing the sale of the bond and the resolution becoming effective. Motion carried.

SCOTLAND DRINKING WATER SRF LOAN APPLICATION: Gayleen Lowe reported that the city of Scotland applied for a Drinking Water SRF loan to finance the replacement of water mains along a four-block segment of Main Street. The project will coincide with the reconstruction of Main Street from Railroad Avenue to Street. The water mains in this area were constructed in the 1920s. This is the only area in town where the old cast iron mains have not been replaced.

Elayne Lande said Scotland applied for a \$340,000 loan. The city qualifies for the disadvantaged rate of 2.5% interest for 30 years. Scotland is pledging its second penny sales tax for repayment of the loan. Debt coverage after project completion is estimated to be 122% of the maximum annual sales tax debt service, which exceeds the 120% requirement.

Staff recommended approval of the Drinking Water SRF loan to the city of Scotland contingent upon the resolution being passed, published and becoming effective.

Mayor Greg Gemar discussed the project and requested approval of the loan.

Motion by Kennedy, seconded by Jones, to adopt Resolution #2003-19 approving the Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$340,000 at 2.5% interest for a term of 30 years to the city of Scotland for the replacement of water mains along a four-block segment of Main Street, and authorizing the Chairman and Secretary of the Board of Water and Natural Resources to execute the loan agreement, to accept and assign the Local Obligation to the Trustee, and to execute and deliver such other documents and permit all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the city passing a resolution authorizing the sale of the bond, the resolution being published, and the resolution becoming effective. Motion carried.

SALEM DRINKING WATER SRF LOAN APPLICATION: Eric Meintsma reported that the city of Salem applied for a Drinking Water SRF loan to construct water distribution lines at various locations in the city. The new lines are being constructed as part of a project to extend Main Street to eliminate a dangerous intersection.

Dave Ruhnke stated that the city of Salem applied for a \$126,921 loan at 3.5% interest for 10 years. The city is pledging system revenues toward repayment of the loan. Debt coverage after project completion is estimated to be 698%, which exceeds the 110% requirement.

Staff recommended approval of the \$126,921 Drinking Water SRF loan to the city of Salem contingent upon the city passing a resolution authorizing the sale of the bond and the resolution becoming effective.

Terry Forester, Finance Officer, requested approval of the loan.

Motion by Jones, seconded by Bollweg, to adopt Resolution #2003-20 approving the Drinking Water State Revolving Fund loan up to a maximum commitment amount of \$126,921 at 3.5% interest for a term of 10 years to the city of Salem for the construction of water distribution lines, and authorizing the Chairman and Secretary of the Board of Water and Natural Resources to execute the loan agreement, to accept and assign the Local Obligation to the Trustee, and to execute and deliver such other documents and permit all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the city passing a resolution authorizing the sale of the bond and the resolution becoming effective. Motion carried.

GROTON (04) CLEAN WATER SRF LOAN APPLICATION: Jim Anderson stated that the city of Groton applied for a Clean Water SRF loan for a sewer expansion project. The city proposes to develop sanitary sewer lines in the new residential area in the northeast corner of town. This project will be in conjunction with a water line expansion project. The city currently has few areas where new homes could be built.

Dave Ruhnke reported that the city applied for a \$163,775 Clean Water SRF loan at 3.5% interest for 20 years. The city is pledging sales tax revenues toward repayment of the loan. Debt coverage after project completion is estimated to be 313% of the maximum annual sales tax debt service, which exceeds the 120% requirement.

Staff recommended approval of the loan contingent upon the city passing a resolution authorizing the sale of the bond and the resolution becoming effective and contingent upon the environmental review process being completed.

Motion by Bollweg, seconded by Kennedy, to adopt Resolution #2003-21 approving the Clean Water State Revolving Fund loan up to a maximum commitment amount of \$163,775 at 3.5% interest for a term of 20 years to the city of Groton for a sewer expansion project; and authorizing the Chairman and Secretary of the Board of Water and Natural Resources to execute the loan agreement, to accept and assign the Local Obligation to the Trustee, and to execute and deliver such other documents and perform all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the city passing a resolution authorizing the sale of the bond and the resolution becoming effective and contingent upon the environmental review process being completed. Motion carried.

GROTON (05) CLEAN WATER SRF LOAN APPLICATION: Mr. Anderson reported that the city applied for a Clean Water SRF loan for a sewer reconstruction project. The city proposes to replace sanitary sewer lines on Main Street from Railroad Avenue to Avenue. The project will be in conjunction with a water line rehabilitation project. Most of these sewer lines were constructed in the 1950s and are cracked or near collapse.

Dave Ruhnke stated that Groton applied for a \$440,000 Clean Water SRF loan at 3.5% interest for 20 years. The city has pledged wastewater revenues toward repayment of the loan. Debt coverage after project completion is estimated to be 115%, which exceeds the 110% requirement

Staff recommended approval of the Clean Water SRF loan contingent upon the city passing a resolution authorizing the sale of the bond and the resolution becoming effective.

Motion by Kennedy, seconded by Jones, to adopt Resolution #2003-22 approving the Clean Water State Revolving Fund loan up to a maximum commitment amount of \$440,000 at 3.5% interest for a term of 20 years to the city of Groton for a sewer reconstruction project; and authorizing the Chairman and Secretary of the Board of Water and Natural Resources to execute the loan agreement, to accept and assign the Local Obligation to the Trustee, and to execute and deliver such other documents and perform all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the city passing a resolution authorizing the sale of the bond and the resolution becoming effective. Motion carried.

JEFFERSON CLEAN WATER SRF LOAN APPLICATION: Eric Meintsma reported that the city of Jefferson applied for a Clean Water SRF loan to upgrade its existing wastewater treatment facility. The upgraded facility will consist of two newly constructed stabilization ponds after which the existing cell will be converted to a constructed wetland. The city also plans to make improvements to a sewer line crossing the railroad right-of-way. This sewer main has a history of maintenance problems.

Elayne Lande stated that the city applied for a \$320,000 Clean Water SRF loan at 3.5% interest for 20 years. The city is pledging wastewater revenues toward repayment of the loan. Debt coverage after project completion is estimated to be 125%, which exceeds the 110% requirement

Staff recommended approval of the Clean Water SRF loan contingent upon the city resolution being passed and published and the resolution becoming effective and contingent upon the environmental review process being completed.

Mayor Joe Bogenrief discussed the project and the funding package.

Motion by Jones, seconded by Bollweg, to adopt Resolution #2003-23 approving the Clean Water State Revolving Fund loan up to a maximum commitment amount of \$320,000 at 3.5% interest for a term of 20 years to the city of Jefferson to upgrade its existing wastewater treatment facility, and authorizing the Chairman and Secretary of the Board of Water and Natural Resources to execute the loan agreement, to accept and assign the Local Obligation to the Trustee, and to execute and deliver such other documents and perform all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the city passing a resolution authorizing the sale of the bond and the resolution becoming effective. Motion carried.

PIERRE CLEAN WATER SRF LOAN APPLICATION: Mike Perkovich reported that the city of Pierre applied for a Clean Water SRF loan to construct a new regional landfill about eight miles east of Pierre. The loan will finance the construction of Cell #1, the leachate collection system, a sedimentation pond and appurtenances. The city's current landfill is approaching capacity. The new site is expected to become operational in the fall of 2004. Cell #1 will serve Pierre and surrounding communities for nine years.

Elayne Lande reported that the city of Pierre applied for a \$1,378,404 loan at 3.5% interest for 20 years. The city is pledging its second penny sales tax revenues toward repayment of the loan. Debt coverage after project completion is estimated to be 155% of the maximum annual sales tax debt service, which exceeds the 120% requirement.

Staff recommended approval of the loan contingent upon the city passing a resolution authorizing the sale of the bond and the resolution becoming effective.

Motion by Kennedy, seconded by Jones, to adopt Resolution #2003-24 approving the Clean Water State Revolving Fund loan up to a maximum commitment amount of \$1,378,404 at 3.5% interest for a term of 20 years to the city of Pierre for the construction of a new regional landfill; and authorizing the Chairman and Secretary of the Board of Water and Natural Resources to execute the loan agreement, to accept and assign the Local Obligation to the Trustee, and to execute and deliver such other documents and perform all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the city passing a resolution authorizing the sale of the bond and the resolution becoming effective. Motion carried.

SALEM CLEAN WATER SRF LOAN APPLICATION: Eric Meintsma stated that the city of Salem applied for a Clean Water SRF loan to construct water distribution lines, sanitary sewer and storm sewer at various locations in the city. The new lines are being constructed as part of a project to extend Main Street to eliminate a dangerous intersection.

Dave Ruhnke reported that the city applied for a \$307,307 loan at 3.5% interest for 20 years. The city is pledging wastewater revenues toward repayment of the loan. Debt coverage after project completion is estimated to be 241%, which exceeds the 110% requirement.

Staff recommended approval of the Clean Water SRF loan contingent upon the city passing a resolution authorizing the sale of the bond and the resolution becoming effective.

Motion by Kennedy, seconded by Bollweg, to adopt Resolution #2003-25 approving the Clean Water State Revolving Fund loan up to a maximum commitment amount of \$307,307 at 3.5% interest for a term of 20 years to the city of Salem to construct sanitary sewer, and storm sewer at various locations in the city, and authorizing the Chairman and Secretary of the Board of Water and Natural Resources to execute the loan agreement, to accept and assign the Local Obligation to the Trustee, and to execute and deliver such other documents and perform all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the city passing a resolution authorizing the sale of the bond and the resolution becoming effective. Motion carried.

SCOTLAND CLEAN WATER SRF LOAN APPLICATION: Gayleen Lowe reported that the city applied for a Clean Water SRF loan to finance the replacement of sanitary sewer main along a four-block segment of Main Street. The project will coincide with the reconstruction of Main Street from Railroad Avenue to 4th Street. The lines were videotaped in 2002. The video shows cracks, holes, waste debris and washouts. The city will also replace the manholes.

Elayne Lande said the city of Scotland applied for a \$250,000 loan at 3.5% interest for 20 years. The city is pledging the second penny sales tax revenues toward repayment of the loan. Debt coverage after project completion is estimated to be 122% of the maximum annual sales tax debt service, which exceeds the 120% requirement.

Staff recommended approval of the loan contingent upon the city passing a resolution authorizing the sale of the bond and the resolution becoming effective.

Motion by Greenfield, seconded by Jones, to adopt Resolution #2003-26 approving the Clean Water State Revolving Fund loan up to a maximum commitment amount of \$250,000 at 3.5% interest for a term of 20 years to the city of Scotland for the replacement of sanitary sewer main along a four-block segment of Main Street; and authorizing the Chairman and Secretary of the Board of Water and Natural Resources to execute the loan agreement, to accept and assign the Local Obligation to the Trustee, and to execute and deliver such other documents and perform all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the city passing a resolution authorizing the sale of the bond and the resolution becoming effective. Motion carried.

VERMILLION CLEAN WATER SRF LOAN APPLICATION: Gayleen Lowe reported that the city applied for a Clean Water SRF loan to finance the construction of a sanitary sewer lift station, force main, and a gravity sewer in the northwest part of Vermillion. The project will provide sanitary sewer service to a proposed motel/convention center near the DakotaDome. The lift station and force main will be sized to provide service to approximately 380 acres of property that has been designated as an area of future growth.

Dave Ruhnke stated that Vermillion applied for a \$456,000 loan at 3.5% interest for 20 years. The city is pledging wastewater revenues toward repayment of the loan. Debt coverage after project completion is estimated to be 405%, which exceeds the 110% requirement.

Staff recommended approval of the Clean Water SRF loan contingent upon the city passing a resolution authorizing the sale of the bond and the resolution becoming effective, and contingent upon the environmental review process being completed.

Motion by Kennedy, seconded by Jones, to adopt Resolution #2003-27 approving the Clean Water State Revolving Fund loan up to a maximum commitment amount of \$456,000 at 3.5% interest for a term of 20 years to the city of Vermillion for the construction of a sanitary sewer lift station, a force main and a gravity sewer in northwest Vermillion, and authorizing the Chairman and Secretary of the Board of Water and Natural Resources to execute the loan agreement, to accept and assign the Local Obligation to the Trustee, and to execute and deliver such other documents and perform all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the city passing a resolution authorizing the sale of the bond and the resolution becoming effective, and contingent upon the environmental review process being completed. . Motion carried.

WATERTOWN CLEAN WATER SRF LOAN APPLICATION: Eric Meintsma stated that the city applied for a Clean Water SRF loan to rehabilitate 22 lift stations around the Lake Kampeska area and to replace or rehabilitate about 12,760 feet of sanitary sewer pipe in locations throughout the city.

Dave Ruhnke reported that Watertown applied for a \$2,055,000 loan at 3.5% interest for 20 years. The city is pledging project revenue surcharge toward repayment of the loan. Debt coverage after project completion is estimated to be 129%, which exceeds the 110% requirement.

Staff recommended approval of the Clean Water SRF loan contingent upon the city passing a resolution authorizing the sale of the bond and the resolution becoming effective, contingent upon the city passing a rate resolution establishing the project surcharge fee sufficient to generate the increased revenues as indicated in the loan application and that resolution becoming effective, and contingent upon the environmental review process being completed.

Tracy Turbak, Finance Officer, requested approval of the loan.

Motion by Jones, seconded by Bollweg, to adopt Resolution #2003-28 approving the Clean Water State Revolving Fund loan up to a maximum commitment amount of \$2,055,000 at 3.5% interest for a term of 20 years to the city of Watertown to rehabilitate lift stations around the Lake Kampeska area and to replace or rehabilitate sanitary sewer pipe in several locations throughout the city, and authorizing the Chairman and Secretary of the Board of Water and Natural Resources to execute the loan agreement, to accept and assign the Local Obligation to the Trustee, and to execute and deliver such other documents and perform all acts necessary to effectuate the loan approved in accordance with all terms as set forth in the Indenture of Trust. The loan is contingent upon the city passing a resolution authorizing the sale of the bond and the resolution becoming effective, and contingent upon the environmental review process being completed. Motion carried.

CANTON DRINKING WATER AND CLEAN WATER SRF LOAN AMENDMENT REQUESTS: Dave Ruhnke reported that on January 10, 2003, the Board of Water and Natural Resources approved a \$420,000 Drinking Water SRF loan for the city of Canton to upgrade and expand its distribution system. Mr. Ruhnke noted that this loan has not been closed. When bids were open, the total project costs increased by over \$225,000. The city has requested that the Drinking Water SRF loan amount be increased to \$500,000. The city has pledged system revenues toward repayment of the loan. Debt coverage after project completion is estimated to be 111 %, which exceeds the 110% requirement. Staff recommended approval of the amendment contingent upon the city passing a resolution authorizing the sale of the bond and the resolution becoming effective.

Mr. Ruhnke reported that on January 10, 2003, the Board of Water and Natural Resources approved a \$400,000 Clean Water SRF loan for the city of Canton to replace sanitary sewer lines along Highway 18. When bids were open the total project costs increased by about \$250,000. The city has requested that the Clean Water SRF loan amount be increased to \$600,000. The city has pledged its system revenues toward repayment of the loan. Debt coverage after project

completion is estimated to be 202%, which exceeds the 110% requirement. Staff recommended approval of the amendment contingent upon the city passing a resolution authorizing the sale of the bond and the resolution becoming effective.

Dan Amert, Canton Finance Officer, explained the need for additional funds and requested board approval of both amendments.

Motion by Jones, seconded by Bollweg, to adopt Resolution #2003-29 approving an amendment increasing the city of Canton's Drinking Water SRF loan to \$500,000 for a term of 20 years at 3.5% interest. The amendment is contingent upon the city of Canton passing a resolution authorizing the sale of the bond and the resolution becoming effective. Motion carried.

Motion by Greenfield, seconded by Kennedy, to adopt Resolution #2003-30 approving an amendment increasing the city of Canton's Clean Water SRF loan to \$600,000 for a term of 20 years at 3.5% interest. The amendment is contingent upon the city of Canton passing a resolution authorizing the sale of the bond and the resolution becoming effective. Motion carried.

FALL RIVER WATER USERS DISTRICT DRINKING WATER SRF LOAN AMENDMENT

REQUEST: Gayleen Lowe reported that the Fall River Water Users District requested an amendment to the scope of the district's second Drinking Water SRF loan. In November 2001 the Board of Water and Natural Resources awarded the Fall River Water Users District a \$400,000 loan to construct Phase II of the project. Phase II is now complete and \$139,042 of loan money remains unspent.

The district requested that the scope of the loan be amended to include the construction of a new administrative office building. The building will house the Fall River Water Users District manager's office, the billing office, a conference room, and storage area for equipment.

Staff recommended approval of the amendment contingent upon the environmental review process being completed.

Motion by Kennedy, seconded by Bollweg, to adopt Resolution #2003-31 approving an amendment changing the scope of Fall River Water Users District's Drinking Water SRF loan to include construction of a new administrative office building. The amendment is contingent upon the environmental review process being completed. Motion carried.

ELK POINT CLEAN WATER SRF LOAN AMENDMENT REQUEST: Ms. Lowe reported that in January 2002, the Board of Water and Natural Resources approved a \$450,000 Clean Water SRF loan for the city of Elk Point to construct sanitary and storm sewer mains on Pearl Street. The project is now complete, and \$96,422 of the loan money remains unspent.

The city has requested that the scope of the loan be amended to include the replacement of an existing lift station in Elk Point and the construction of an odor control system for another lift station. Ms. Lowe stated that the lift station to be replaced has been cited by DENR as needing mechanical ventilation. Due to the age of the lift station, the city intends to replace the station

rather than install a ventilation system. The odor control system will be installed at the city's main lift station. Odors from the lift station have resulted in complaints from local citizens.

Staff recommended approval of the amendment.

Motion by Jones, seconded by Bollweg, to adopt Resolution #2003-32 approving an amendment changing the scope of the city of Elk Point's Clean Water SRF loan to include the replacement of an existing lift station and the construction of an odor control system. Motion carried.

WEBSTER CLEAN WATER SRF LOAN AMENDMENT REQUEST: Eric Meinstma reported that in April 2002, the Board of Water and Natural Resources approved an \$811,000 loan for the city of Webster to replace sanitary and storm sewer mains. The city has requested an amendment to the scope of the loan. The city would like to expand the proposed project to include the replacement of a sanitary lift station.

Staff recommended approval of the amendment contingent upon the environmental review process being completed, contingent upon receiving an opinion from bond counsel, and a written statement from the borrower in accordance with Section 3.2 of the loan agreement.

Motion by Bollweg, seconded by Jones, to adopt Resolution #2003-33 approving an amendment changing the scope of the city of Webster's Clean Water SRF loan to include the replacement of a sanitary lift station. The amendment is contingent upon the environmental review process being completed, receiving an opinion from bond counsel, and a written statement from the borrower in accordance with Section 3.2 of the loan agreement. Motion carried.

CONSOLIDATED WATER FACILITIES CONSTRUCTION PROGRAM FUNDING

DECISIONS: Mr. Feeney reviewed the consolidated funding applications and staff recommendations. The board made the following funding decisions.

Motion by Bollweg, seconded by Jones, to adopt Resolution #2003-34 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the state and the BDM Rural Water System, Inc. for a grant up to 6.9% of approved total project costs and not exceeding \$200,000 for a Phase 3 expansion. Motion carried.

Motion by Kennedy, seconded by Jones, to adopt Resolution #2003-35 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the state and Big Stone City for a grant up to 30.8% of approved total project costs and not exceeding \$315,000 for water and wastewater improvements. Motion carried.

Motion by Jones, seconded by Bollweg, to adopt Resolution #2003-36 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the state and the Deuel Conservation District for a grant up to 15% of approved total project costs and not exceeding \$40,800 for a Clear Lake watershed restoration project. Motion carried.

Motion by Kennedy, seconded by Bollweg, to adopt Resolution #2003-37 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the state

and the city of Groton for a grant up to 48% of approved total project costs and not exceeding \$150,000 for a northeast water and sewer extension. Motion carried.

Motion by Jones, seconded by Bollweg, to adopt Resolution #2003-38 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the state and the city of Groton for a grant up to 22.5% of approved total project costs and not exceeding \$400,000 for a Main Street water, sewer and street reconstruction project. Motion carried.

Motion by Greenfield, seconded by Kennedy, to defer action on the Hermosa Water Users Association consolidated grant application. Motion carried.

Motion by Bollweg, seconded by Jones, to adopt Resolution #2003-39 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the state and the Lake Conservation District for a grant up to 15% of approved total project costs and not exceeding \$82,500 for a Lake County watershed improvement project. Motion carried.

Motion by Kennedy, seconded by Bollweg, to adopt Resolution #2003-40 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the state and the city of Lake Preston for a grant up to 9% of approved total project costs and not exceeding \$50,000 for water and sewer improvements. This grant is contingent upon the city applying for a Clean Water SRF loan. Motion carried.

Motion by Jones, seconded by Kennedy, to adopt Resolution #2003-41 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the state and the city of Scotland for a grant up to 7% of approved total project costs and not exceeding \$75,000 for a Main Street water, sanitary sewer, and storm sewer reconstruction project. Motion carried.

Motion by Jones, seconded by Bollweg, to deny funding for the South Lincoln Rural Water System. Motion carried. Kennedy abstained from voting.

Motion by Bollweg, seconded by Jones, to adopt Resolution #2003-42 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the state and the city of Tea for a grant up to 7.2% of approved total project costs and not exceeding \$50,000 for wastewater treatment improvements. The grant is contingent upon the city applying for a Clean Water SRF loan. Motion carried.

Motion by Kennedy, seconded by Bollweg, to adopt Resolution #2003-43 approving the South Dakota Consolidated Water Facilities Construction Program grant agreement between the state and the city of Worthing for a grant up to 34.3% of approved total project costs and not exceeding \$150,000 for water system improvements. Motion carried.

SOLID WASTE MANAGEMENT PROGRAM FUNDING DECISIONS: David Ryan reviewed the applications and funding recommendations. The board made the following funding decisions.

Board of Water and Natural Resources
March 27-28, 2003, Meeting Minutes

Motion by Bollweg, seconded by Jones, to adopt Resolution #2003-44 approving the South Dakota Solid Waste Management Program grant agreement between the state and the Northwest South Dakota Regional Landfill for a grant up to 38.1% of approved total project costs and not exceeding \$73,000 for the purchase of a compactor. Motion carried.

Motion by Bollweg, seconded by Jones, to adopt Resolution #2003-45 approving the South Dakota Solid Waste Management Program loan agreement between the state and the Northwest South Dakota Regional Landfill for a loan not to exceed \$73,000 at 3% interest for seven years for the purchase of a compactor. Motion carried.

Motion by Jones, seconded by Bollweg, to adopt Resolution #2003-46 approving the South Dakota Solid Waste Management Program grant agreement between the state and the city of Pierre for a grant up to 23.6% of approved total project costs and not exceeding \$ 100,00 for the purchase of a baler and conveyor. Motion carried.

Motion by Jones, seconded by Bollweg, to adopt Resolution #2003-47 approving the South Dakota Solid Waste Management Program loan agreement between the state and the city of Pierre for a loan not to exceed \$600,000 at 3% interest for twenty years for the construction of a new regional landfill and solid waste baling facility. Motion carried.

BOARD OF WATER AND NATURAL RESOURCES MEETING SCHEDULE: Mr. Feeney presented the board with suggested dates for FY 2004 board meetings.

Motion by Greenfield, seconded by Jones, to adopt the following meeting schedule for FY 2004:

September 25-26, 2003
November 14, 2003
January 8-9, 2004
March 25-26, 2004
June 24-25, 2004

The motion carried.

Jay Gilbertson invited the board to hold its September 25-26, 2003, meeting in Sioux Falls. The East Dakota WDD will arrange a tour for the board to view some of the projects it has funded.

Dale Kennedy suggested that sometime in the future the board tour the West River/Lyman Jones RWS treatment plant.

OTHER BUSINESS

Mike Perkovich stated that S.B. 145 revised the boundaries of the Central Plains Water Development District (WDD). Eliminated from the water development district were Spink and Beadle counties, which is an area that was overlapped with the James River WDD. The bill added Potter County to the Central Plains WDD. Previously, only portions of Hughes, Sully,

Board of Water and Natural Resources
March 27-28, 2003, Meeting Minutes

and Faulk counties were within the Central Plains WDD, and it now includes all of Hughes, Sully, and Faulk counties.

As a result of S.B. 145, the director areas need to be redistricted to accommodate the new boundaries. Mr. Perkovich requested that the board authorize staff to initiate the rule-making process. Staff anticipates the board holding the public hearing at its June 26-27, 2003, meeting.

Motion by Kennedy, seconded by Jones, to authorize staff to initiate the rule-making process. Motion carried.

Dave Ruhnke reported that when the board approved a Drinking Water SRF loan for BDM Rural Water, it required parity agreements with CoBank and Rural Development. He stated that BDM has now paid off CoBank and CoBank has requested a release of parity.

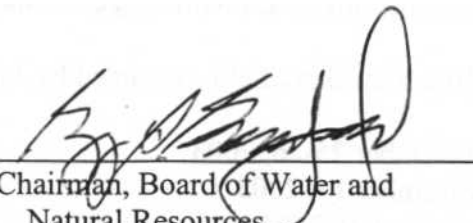
Motion by Greenfield, seconded by Jones, to authorize the chairman and secretary of the board to execute the release of parity with CoBank and BDM. Motion carried.

Chairman Greenfield thanked Senator Kloucek, Legislative Oversight Committee, for attending the meeting.

ADJOURN: Chairman Greenfield declared the meeting adjourned.


Approved this 26th day of June, 2003,

(SEAL)



Chairman, Board of Water and
Natural Resources

ATTEST:



Secretary, Board of Water and
Natural Resources

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE March 27, 2003 LOCATION Matthew Training Center, Pierre

Name (PLEASE PRINT)	Address	Representing
James Feevey	Pierre	DENR
Ron Carliss	Hecia	CITY
HAL TREEDT	Hecia	City
Edg Kennedy	Beresford	BDNR
ERIC AMERSON	YANKTON	DISTRICT III
Leo Brockel	the outback	NWSD Reg Landfill
Richard Seidel	Bison, SD	NWSDR
PAT BOETZ	Lemmon SD	NWSDR
Chris Besler	Bison SD	NWSDR Landfill
Janet Smith	Big Stone City	City of Big Stone City
Roger WALTZ	511 Lincoln	ALCESTER S.D.
Charles Haugland	401 Lincoln Pr	Alcester SD
John Lawler	Tea, SD	Tea
Anta Lowmy	Groton SD	Groton
YAFOR GERALD RIX	GROTON, SD	GROTON
Leby Stok	Clear Lake	Clear Lake Restoration
Elois Redlin	Clear Lake	Devel Cons. Dist.
David Ruhnke	Pierre	DENR
David Ryan	Pierre	DENR
JOHN HART	Philip	City of Philip
Don Peterson	Hot Springs	FRWD

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE March 27, 2003 LOCATION Matthew Training Center

Name (PLEASE PRINT)	Address	Representing
Jim Housiaux	Brookings, SD	Banner Assoc., Inc.
John Sievers	CANTON S.D.	South Lincoln Rural Water
Dwaine Jones	Lake Preston SD	Lake Preston City
Robert Bly	Worthing SD	Worthing SD
Terry Helms	Aberdeen SD	Helms Assoc.
Valerie Keller	Pierre	City of Pierre
Jeffery Turner	Worthing	City of Worthing
Toby Brown	SF	SECOG
Lynne Keller	Sioux Falls	SECOG
Eric Senger	Aberdeen	NECOG
Harlan Chong	mt. cottle	SPW + Assoc
Jim Anderson	Pierre	DENR
Dan Teupel	Pierre	DENR
Elayne Lande	Pierre	DENR
Mike Perkowski	"	"
Jay Gilbertson	Brookings	East Dakota WDD
Michelle Goodale	Madison	Lake to Chow District
Gary Baker	Hermosa	Hermosa Water Users ass -
John McMichael	Hermosa	Hermosa Water Users ass
Rock Fox	Hermosa	"
Don Ball	Aberdeen SD	Hanson County

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE March 27, 2003 LOCATION Matthew Training Center

Name (PLEASE PRINT)	Address	Representing
Steve Pociusik	Box 143 Alexandria SD 57311	Lake Hanson Association
Gayleen Lowe	Pierre	DENR
David Wade	Britton	BDM Rural Water
Dale Hargens	Miller	Legislative Oversight
Don May th	South Sioux SD	SD lakes & Streams
Ed Henningsen	Alexandria SD	Lake Hanson Assoc.
Pat Liesinger		City of Pierre
Unni Kallamayan	DENR	Pierre
Harold Desvering	Att. Gen.	Sioux Falls
Harold Desvering	Heaven	JRWDD
Bruce Bonjour	10 S. Wacker Dr. Chicago	S.D. Pensu. Dist.
COIT SCOFFER	Box 8 MADISON SD	ALLCO FINANCE
John T. Leuck	BWINR	BWINR
Angela Ehlers	SD Assn Cons. Dist	For SDACD
Charles George	mtched	SPN
David Odens	Brookings	Banner 1166-666
T. J. Austin	SALEM	SALEM CITY
Lori Heumiller	Salem	City of Salem
Ma H Adamski	Pell Rapids	City of Pell Rapids

BOARD OF WATER AND NATURAL RESOURCES
ATTENDANCE SHEET

DATE 3-28-03

LOCATION Matthew Training Center

Name (PLEASE PRINT)	Address	Representing
GAYLEEN LOWE	PIERRE	DENR
Don Peterson	Hot Springs	FRWD
Susan Barta	Pierre	SDML
Greg Gernar	Scotland	Scotland
Janel Ellingson	Aberdeen	Aberdeen
Elayne Lande	Pierre	DENR
Tony Roark	Jefferson	Jefferson CITY
Joe Bogenreit	Jefferson	Jefferson
David Ruhnke	Pierre	DENR
Jim Anderson	Pierre	DENR
Lynne Keller	Sion Falls	SECOG
Dale Hargens	Miller	Legislative Oversight
TRACY TURPAK	Watertown	City of Watertown
Other	210 N DAKOTA CANTON, SD	CITY OF CANTON
Senator Frank Klurek	2996/423 Ave 28444 424 Ave Mchenno	Scotland Leg Oversight 11
Lee Ray Zeeb		
Mike Perkovich	Pierre	DENR
Val Keller	Pierre	City of Pierre

Drinking Water SRF Program

Available Balance - January 31, 2003	\$307,571
--------------------------------------	-----------

FFY 2003 Funds (Applications to EPA 14-Mar-03)

DW SRF Cap Grant	\$8,004,100	
Set-Asides (4% admin & \$100,000)	(\$420,164)	
Transfer of FY-03 CW Cap Grant & Match	<u>\$7,761,360</u>	
		<u>\$15,345,296</u>
		\$15,652,867

March 2003 Applications

64	Aberdeen 01 - FFY-2003 Draws	(\$8,460,000)	
15	Dell Rapids	(\$621,000)	
10	Groton	(\$440,000)	
9	Scotland	(\$340,000)	
5	Salem	(\$126,921)	
21	Canton (amendment)	<u>(\$80,000)</u>	
			<u>(\$10,067,921)</u>
			\$5,584,946

FFY 2003 Princ Repayments (Feb-03 through Sep-03)	<u>\$750,000</u>
	\$6,334,946

<u>FFY 2004 Funds (Based on President's Budget Request)</u>		
DW SRF Cap Grant	\$8,052,500	
State Match	\$1,610,500	
Set-Asides (4% admin & \$100,000)	(\$422,100)	
FY-04 CW SRF Transfer	\$4,875,100	
Aberdeen 02 - FFY-2004 Draws	(\$6,000,000)	
		<u>\$8,116,000</u>
		\$8,116,000

Clean Water SRF Program

Available Prior Year Funds

Capitalization Grants	\$0	
State Match	\$0	
Leveraged Funds	\$7,540	
Principal Repayments	\$19,422,213	
Unrestricted Cumulative Excess Interest	<u>\$12,736,277</u>	
Available Funds - September 30, 2002		\$32,166,030

FFY 2003 Funds

CW SRF Cap Grant	\$6,468,480	
State Match	\$1,293,696	
Admin. 4%	\$0	
Transfer of FY-03 Cap Grant & Match to DW SRF	<u>(\$7,762,176)</u>	
		\$0
October 2002 Principal Repayments		\$716,775
November 2002 Principal Repayments		\$294,028
December - January Princ. Repayments		<u>\$1,280,407</u>
Funds Available for Loans - January 10, 2003		\$34,457,239

January 2003 Applications

Canton	(\$400,000)	
Clark	(\$400,000)	
Hartford	(\$550,035)	
Sioux Falls	<u>(\$2,479,500)</u>	
		<u>(\$3,829,535)</u>
		<u>\$30,627,704</u>

March 2003 Applications

Groton	(\$440,000)	
Groton	(\$163,775)	
Jefferson	(\$320,000)	
Pierre	(\$1,378,404)	
Salem	(\$307,307)	
Scotland	(\$250,000)	
Vermillion	(\$456,000)	
Watertown	(\$2,055,000)	
Canton (amendment)	<u>(\$200,000)</u>	
		<u>(\$5,570,486)</u>
		\$25,057,218